

Message Text

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FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM IMMEDIATE

C O N F I D E N T I A L STATE 109186

TOSEC 980

E.O. 11652: N/A

TAGS: APER

SUBJECT: FISCAL IRREGULARITIES AT BRUSSELS

FOR MCCLOSKEY. YOU MAY WISH BRIEF SECRETARY. FROM DG.

1. YOU MAY HAVE SEEN UPI STORY FROM BRUSSELS REPORTING FIRING OF TWO BELGIAN EMPLOYEES AT EMBASSY BRUSSELS FOR MISAPPROPRIATING ESTIMATED \$41,000 IN EMBASSY GOODS AND SERVICES OVER PERIOD OF YEARS. UPI SPECULATES SCANDAL WAS THE BIGGEST IN ANY U.S. EMBASSY TO COME TO LIGHT DURING THE NIXON ADMINISTRATION.

2. PRESS SPOKESMAN RECEIVED SOME QUESTIONS AT NOON BRIEFING TODAY. HE READ FOLLOWING STATEMENT AND AGREED TO SEEK FURTHER ANSWERS TO PRESS QUESTIONS FOR REPLY TOMORROW.

3. QUOTE IN FEBRUARY OF THIS YEAR THE EMBASSY FOUND REASONS TO SUSPECT THAT TWO LOCALLY ENGAGED EMPLOYEES WERE INVOLVED IN IRREGULARITIES. AT THE EMBASSY'S REQUEST AN INSPECTION WAS CARRIED OUT. THE INSPECTORS CONFIRMED THAT EMBASSY GOODS AND SERVICES HAD BEEN DIVERTED TO THE PERSONAL
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USE OF TWO EMPLOYEES. THE TWO EMPLOYEES WERE DISCHARGED.

NO OTHER LOCALLY ENGAGED EMPLOYEES WERE FOUND TO BE IMPLICATED, NOR WERE THERE ANY AMERICAN PERSONNEL. ALTHOUGH PRECISE FIGURES COULD NOT BE DETERMINED, IT IS ESTIMATED THAT APPROXIMATELY \$40,000 WORTH OF SUCH GOODS AND SERVICES IN SMALL INCREMENTS WERE MISAPPROPRIATED OVER A PERIOD OF YEARS. THERE IS NO EVIDENCE OF ANY SECURITY ASPECTS IN THIS MATTER. THE INVESTIGATION IS CONTINUING. UNQUOTE.

4. FOR YOUR BACKGROUND, WE HAVE BEEN AWARE OF BRUSSELS SITUATION SINCE AMBASSADOR STRAUSSZ-HUPE REPORTED IT IN FEBRUARY. EMPLOYEES WERE SUSPENDED IMMEDIATELY. INSPECTOR GENERAL HAS CONDUCTED THOROUGH INSPECTIONS ON THE SPOT. ALTHOUGH IT SEEMS CLEAR NO U.S. PERSONNEL WERE INVOLVED IN CRIMINAL ACTS, IG'S OFFICE IS INTERVIEWING THREE U.S. OFFICERS, TWO OF WHOM WERE RECOMMENDED FOR INCLUSION ON THIS YEAR'S PROMOTION LIST. THE INCLUSION OF THESE TWO NAMES HAS BEEN DELAYED PENDING RESOLUTION OF SOME QUESTIONS ABOUT MANAGEMENT OF ADMINISTRATIVE SECTION OF EMBASSY BRUSSELS DURING THEIR TENURES THERE. RUSH

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